

**ANNUAL USE OF CAPITAL SURVEY - 2009****NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Indiana Community Bancorp

Person to be contacted regarding this report:	Mark Gorski
CPP Funds Received:	\$21,500,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	12/12/2008
Date Repaid <sup>1</sup> :	

RSSD: (For Bank Holding Companies)	3059504
Holding Company Docket Number: (For Thrift Holding Companies)	N/A
FDIC Certificate Number: (For Depository Institutions)	28285
City:	Columbus
State:	Indiana

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	If TARP proceeds had not been received, lending would likely have decreased more as the overall Company would have likely had to shrink due to pressure on capital levels.
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<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	TARP proceeds were generally invested in MBS and municipal securities consistent with prior investment practices to provide a return on the funds received.
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Reserves for non-performing assets were increased since the receipt of TARP funds due to the decline in asset values securing loans combined with the challenges faced by a larger segment of our customer base due to the recession.

<input checked="" type="checkbox"/>	Reduce borrowings	Since receipt of TARP funds, higher cost wholesale funding sources (primarily FHLB advances) have been reduced.
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	The overall size of the Company has changed little since receipt of TARP funds. We have not chosen to further leverage the Company, but rather the TARP funds have served to increase total capital and enhance our capital ratios.

What actions were you able to avoid because of the capital infusion of CPP funds?

As a result of the receipt of the TARP funds, the Company has been able to absorb net operating losses associated with increases in the provision for loan losses. The elevated level of charge offs along with the increases in classified assets have driven credit related expenses (most notably provision for loan losses and workout related expenses) to levels never seen in the history of our Company. In addition to credit costs, the Company has also incurred additional costs associated with FDIC insurance resulting from the industry's need to fund the large number of failed institutions. Had we not received the TARP funds, it is probable that the Company would have been required to take extraordinary steps to enhance its capital position such as either significantly reducing its size through the sale of Company assets and liabilities or attempt to raise additional funds through the capital market. We believe that both of these options could have negatively impacted shareholder value as well as our ability to deliver products and serves to the communities in which we are located.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

As a result of the receipt of TARP funds, the Company had the ability to focus primarily on solutions that were in the best interests of customers, shareholders and the Company rather than being forced to focus on undesirable alternatives to address a weakening capital position. This has been particularly beneficial in working with commercial and retail customers that have experienced financial crises during the economic downturn. While the Company has experienced historically high levels of loan losses during this timeframe, our approach has been to work with customers to resolve these financial problems to the mutual benefit of both the Company and the customer whenever possible. The additional TARP funds have enhanced the Company capital position and allowed the Company to weather the high level of loan losses.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.